

Employees' Retirement System of the State of Hawaii

**Presentation to the Budget, Finance, and Economic
Development Committee, Maui County Council**

by Kalbert Young, ERS Executive Director

March 10, 2026



Agenda

Membership and Benefits

Actuarial Valuation: Funded Status and Unfunded Liability

Impact of New Benefit Tiers

Actual v. Projected Unfunded Actuarial Accrued Liability

Maui Employer Contributions, Excess Pension Costs

Investments: Portfolio Allocation, Performance

Actuarial Stress Test

2026 Legislative Bills

Questions





ERS Membership includes qualified state and county employees as of June 30, 2025

Total Members:	162,601
▶ Active Employees:	66,826
▶ Living in Maui County (as of 12/31/2025, includes State)	7,217
▶ Maui County Employees	2,721
▶ Retirees & Beneficiaries:	56,673
▶ Living in Maui County (12/31/2025)	5,133
▶ Inactive vested:	8,692
Total inactive, non-vested:	30,410

ERS Update: Benefits

56,673 retirees and beneficiaries

Annual pension and refund payouts (in billions)
(estimated to increase to over \$5 billion in 30 years)

FY2021	FY2022	FY2023	FY2024	FY2025
\$1.68	\$1.76	\$1.82	\$1.9	\$2.0

Average annual pension = \$ 35,311

Over 12,500 active employees can retire today



Funded Status as of June 30, 2025

Actuarial accrued liabilities: \$39.6 billion

Actuarial value of assets: \$25.2 billion

Market value of assets: \$24.9 billion

Unfunded Actuarial Accrued Liability: \$14.4 billion

*Funded Ratio: 63.6%

Funding Period: 21 Years

*Funded Ratio is the ratio of the actuarial value of assets to the actuarial accrued liability.



2025 Actuarial Valuation Results

All Employees

Valuation Year	2022	2023	2024	2025
UAAL (\$ Billions)	\$13.50	\$13.71	\$14.01	\$14.4
Actuarial Funded Ratio	61.2%	62.2%	63.0%	63.6%
Funding Period in years*	24	23	22	21

*Based on open group projection, recognizing new benefits for members hired after June 30, 2012



By Employee Group

Valuation Year	2021	2022	2023	2024	2025
Police and Fire Employees (11% of Payroll)					
UAAL (\$ Billions)	\$2.46	\$2.23	\$2.23	\$2.23	\$2.43
Actuarial Funded Ratio	63.3%	67.4%	68.8%	70.2%	69.8%
Funding Period in years*	25	23	22	22	24
All Other Employees (89% of Payroll)					
UAAL (\$ Billions)	\$11.77	\$11.28	\$11.48	\$11.78	\$11.98
Actuarial Funded Ratio	57.1%	59.7%	60.5%	61.2%	62%
Funding Period in years*	23	24	23	22	20

*Based on open group projection, recognizing new benefits for members hired after June 30, 2012



Sources of Funding Impact

Investments underperformed 7.00% assumption on market basis, but...

- 4th consecutive year below 7% target following the 26%+ return in fiscal year 2021

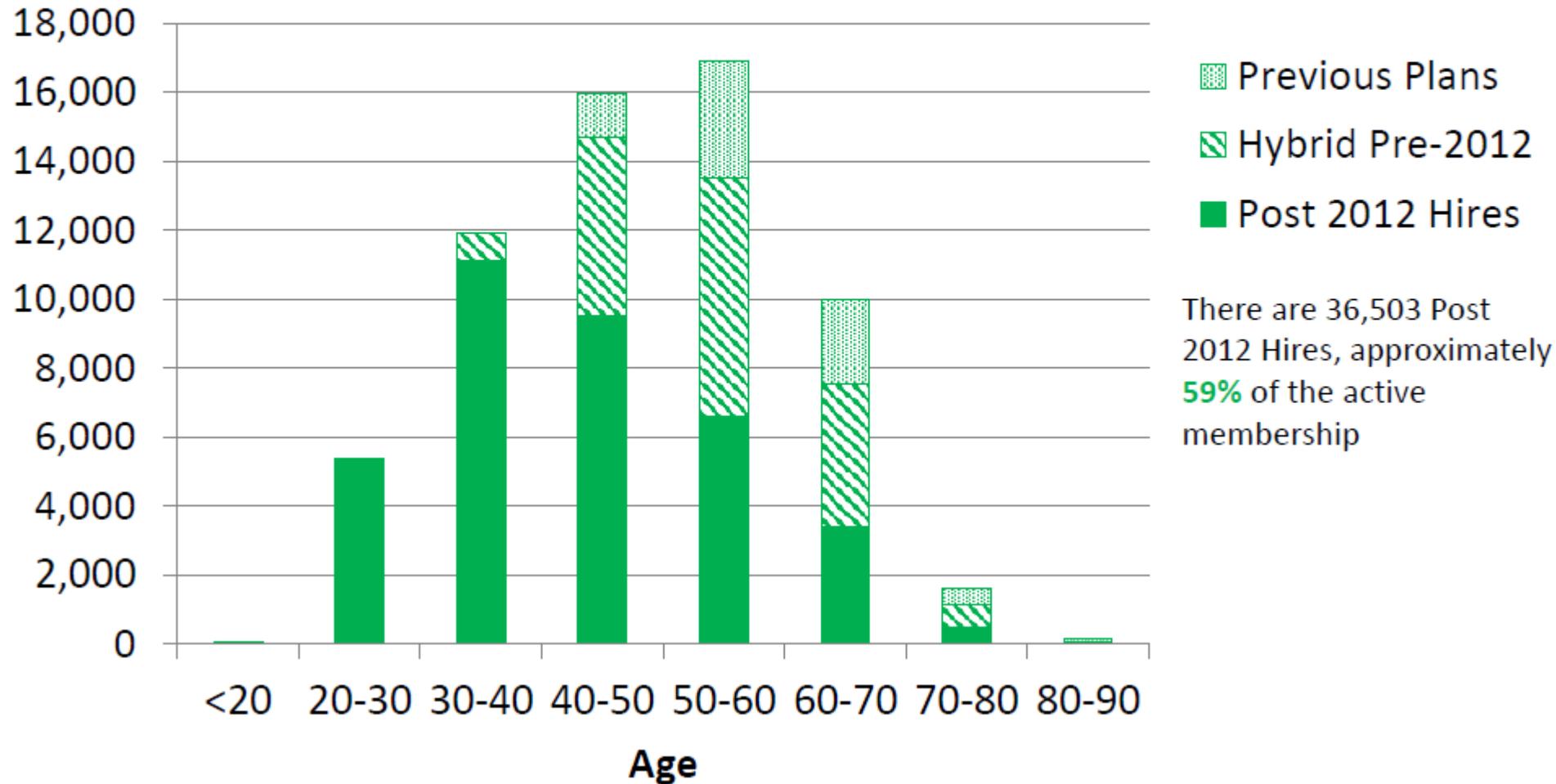
Liabilities grew slightly faster than expected

- Primarily due to salary increases greater than current expectations



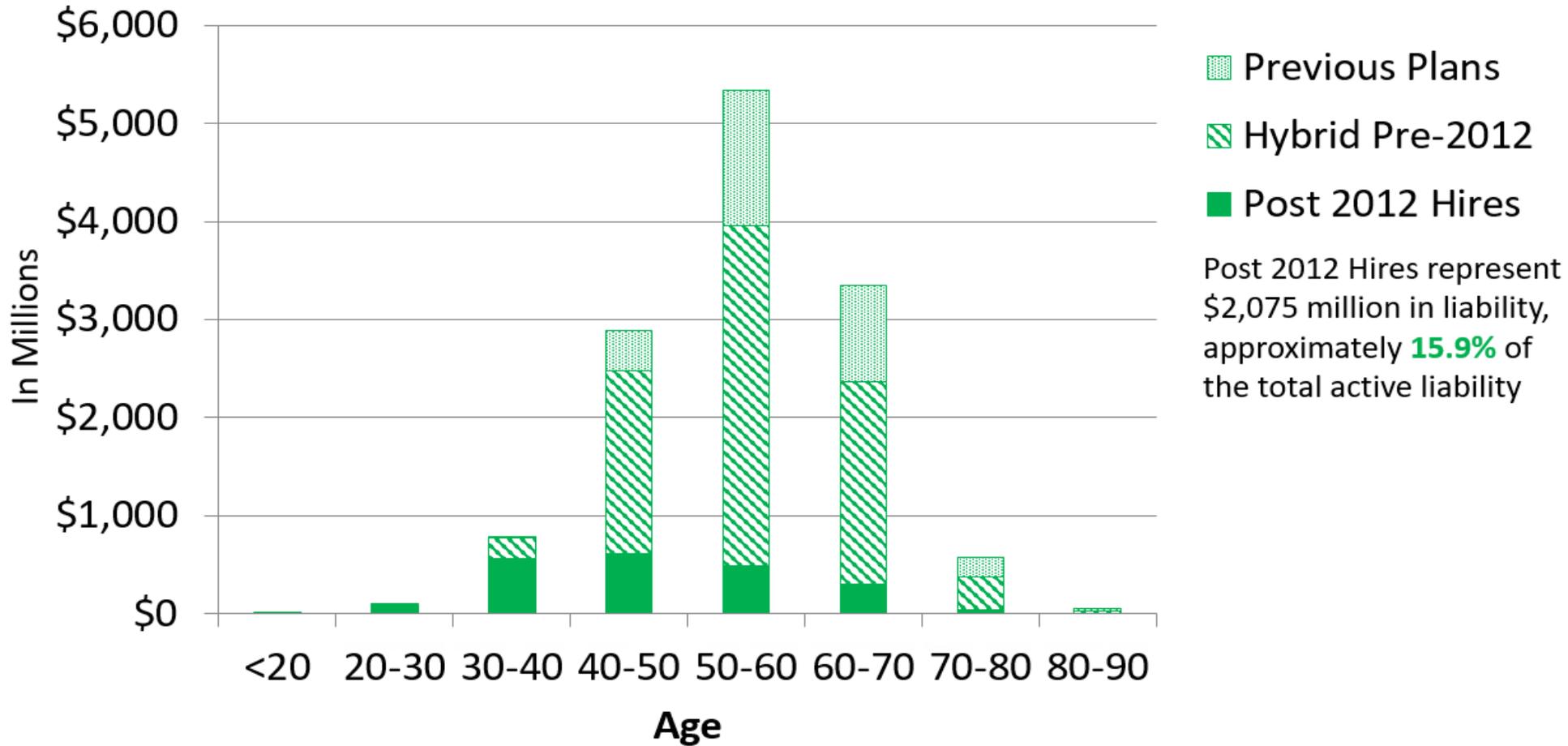
Impact of New Benefit Tiers:

All Other Employees: Employee **Counts** by group and by age



Impact of New Benefit Tiers:

All Other Employees: Active **Liability** by group and by age



- Previous Plans
- Hybrid Pre-2012
- Post 2012 Hires

Post 2012 Hires represent \$2,075 million in liability, approximately **15.9%** of the total active liability

Maui County - Employer Contributions to ERS (Act 17/2017) Estimated for 2026-2027

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
County of Maui	\$59,184,000	\$61,255,000	\$63,399,000	\$65,618,000	\$67,915,000	\$70,293,000

General Employees	Special Categories (Police Officers, Firefighter and Correction Officers)
24%	41%

► Note: These are combined employer contributions for both groups of employees (Police/Fire and All Others). The employer contributions above do not include contributions for Excess Pension Costs under Act 153/2012. Assumed payroll growth is at 3.5% per year for both groups.

Maui County - Excess Pension Costs due to Act 153/2012 (“Pension Spiking”)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY2025
Number of Spiking Retirees	31	26	25	44	36	43	45	60
Total Costs	\$1,874,870	\$2,354,082	\$4,180,127	\$5,983,737	\$5,424,641	\$5,875,398	\$6,808,142	\$6,539,526

ERS Portfolio Performance

as of December 31, 2025

Portfolio Valuation	One Year
Total Fund	
Beginning Market Value	25,163,478,730
Net Cash Flows	-79,550,758
Gain/Loss	534,314,275
Ending Market Value	25,618,242,248

Portfolio Performance	Inception	30 Yrs	20 Yrs	10 Yrs	5 Yrs	3 Yrs	1 Yr	FYTD	QTD
Total Fund	7.6	7.0	6.6	7.7	6.6	6.8	8.0	4.9	2.0
Actuarial Rate	7.7	7.6	7.5	7.0	7.0	7.0	7.0	3.4	1.7
TF Policy Benchmark	8.0	7.5	7.1	8.3	8.4	12.8	10.7	8.8	3.2
InvMetrics Public DB > \$1B Median	7.6	7.4	6.8	8.3	7.1	11.5	13.4	6.7	2.2

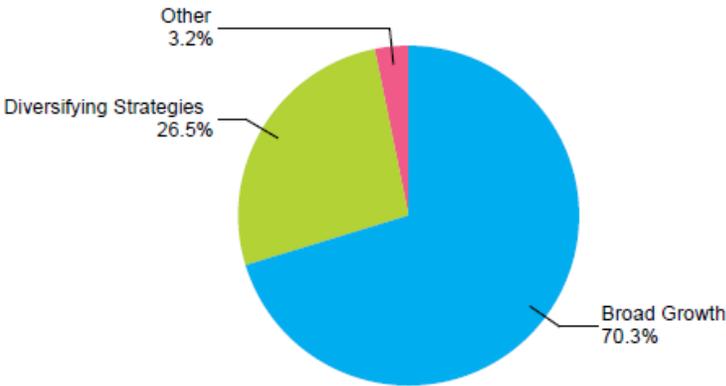
Note: Net Cash Flow reflect benefit payments paid from the Fund.

Source: Meketa Investment Group. Q4 2025 Performance Report, dtd. February 17, 2026



ERS Portfolio Allocation

as of December 31, 2025



**Asset Allocation vs. Target
As of December 31, 2025**

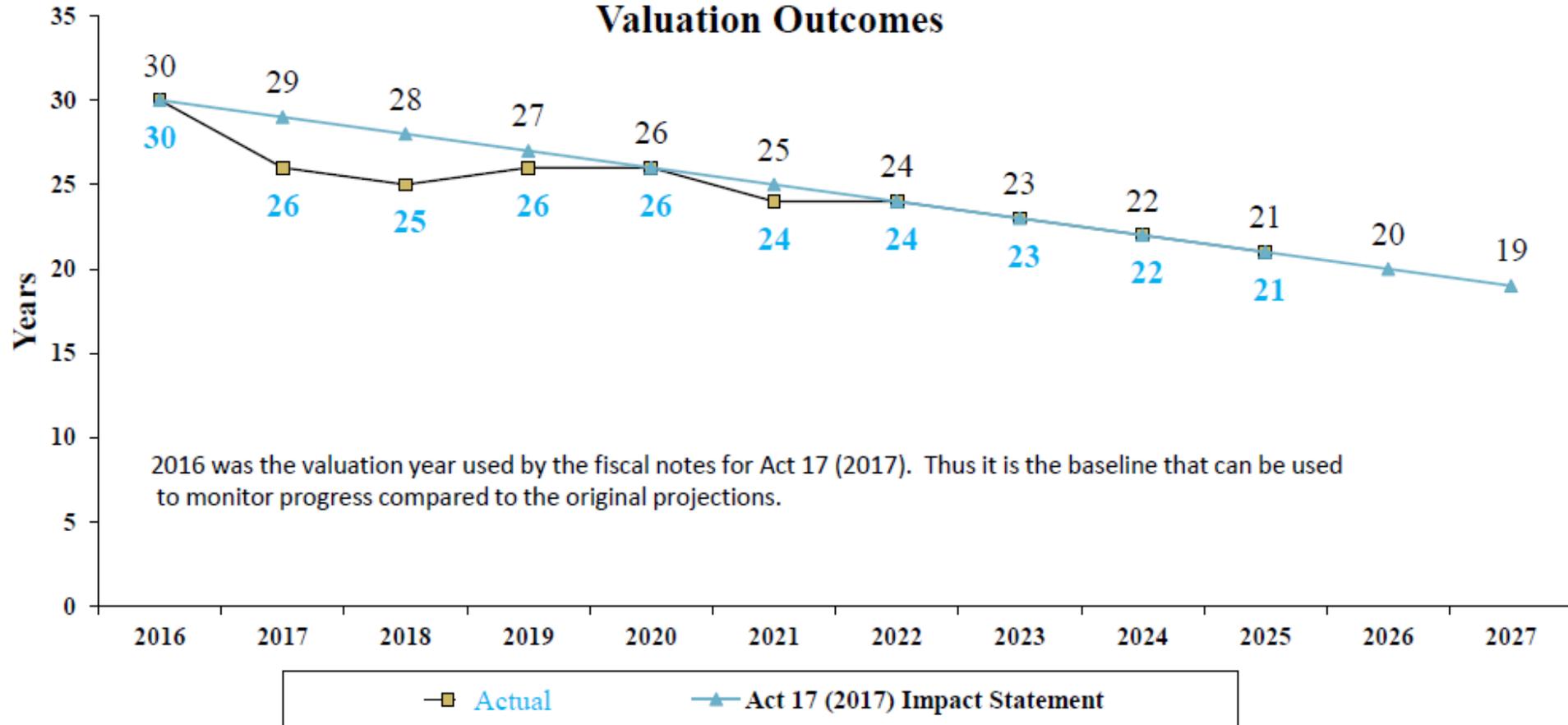
	Balance (\$)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)
Broad Growth	18,003,701,392	70.3	70.0	0.3	60.0 - 80.0
Global Equity	10,177,601,672	39.7	39.0	0.7	19.0 - 59.0
Global Credit	2,978,046,038	11.6	12.0	-0.4	6.0 - 18.0
Real Assets	4,848,053,682	18.9	19.0	-0.1	9.0 - 29.0
Diversifying Strategies	6,795,305,444	26.5	30.0	-3.5	20.0 - 40.0
Liquid Defensive/Diversifying	5,951,762,297	23.2	26.0	-2.8	15.0 - 30.0
Illiquid Diversifying	843,543,148	3.3	4.0	-0.7	0.0 - 9.0
Other	819,235,411	3.2	0.0	3.2	0.0 - 0.0
Other	819,235,411	3.2	0.0	3.2	0.0 - 0.0
Total	25,618,242,248	100.0	100.0	0.0	

Source: Meketa Investment Group, Q4 2025 Performance Report, dtd. February 17, 2025



The Funding Period as of 2025 continues to track with the original projections from Act 17 (2017)

Projection of Funding Period from Legislative Impact Statement vs Actual Valuation Outcomes



Assumes all assumptions met, including 7.00% return each year on the June 30, 2025 smoothed value of assets

Actuarial Stress Test Summary

- ▶ Actuarial valuation results show System is on target to be fully funded in less than 24 years
 - ▶ Primarily due to legislated employer contribution increases
- ▶ Stress test shows that System is sustainable in a low return environment
 - ▶ Although date of achieving full funded status would be extended



2026 Legislative Bills (as of Feb 20)

- ▶ **SB3096** - Increases employer contribution rate for police officers, firefighters, and certain investigators by 3% to ensure that the amortization period for the unfunded accrued liability of the ERS does not exceed the maximum funding period. (Amended by LBT and referred to WAM committee)
- ▶ **HB2358** - Allows Elective Officers to elect ERS membership after each election and provides for reclassifying of DLE staff as contributory members. (Amended by LAB and referred to FIN committee)
- ▶ **SB99** - Allows a retiree to be employed in a position identified as labor shortage/hard-to-fill by jurisdictions including relevant departments and agencies without loss or interruption of ERS benefits under certain conditions. (Heard and passed by both LBT and WAM committees)



2026 Legislative Bills (cont.)

- ▶ **HB2359/SB2672** - Establishes a 5-year pilot to allow a retiree to be employed in a position verified as labor shortage/hard-to-staff by the Governor or Mayors without loss or interruption of ERS benefits under certain conditions. (Referred to FIN and WAM committees respectively)
- ▶ **SB2526** - Allows a retiree to be employed in a position identified as unique and critical to operations (require a high degree of specialized knowledge and expertise) by jurisdictions without loss or interruption of ERS benefits under certain conditions. (Amended by LBT and referred to WAM committee)
- ▶ **SB2555** - Allows a retiree to be employed in a position identified as labor shortage/difficult-to-fill/needed for succession planning by jurisdictions without loss or interruption of ERS benefits under certain conditions. (Amended by LBT and referred to WAM committee)



ERS Contact Information

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Website: ers.ehawaii.gov

ERS Main Phone: (808) 586-1735

Kalbert Young, Executive Director:
(808) 586-1700





MAHALO!



Employees' Retirement System
of the State of Hawaii

BFED Committee

From: Kim, Lori <lori.kim@hawaii.gov>
Sent: Monday, March 2, 2026 8:25 AM
To: BFED Committee
Cc: Yukilei Sugimura; Young, Kalbert K
Subject: RE: ERS Update for Maui County Budget, Finance, and Economic Development Committee
Attachments: ERS Presentation to Maui BFED Committee 2026 - FINAL.pdf

Aloha,

Please find attached Kalbert Young's presentation to the BFED Committee. If you need anything else, please let me know.

Mahalo,
Lori

Lori Kim

Assistant to Kalbert K. Young, Executive Director
Employees' Retirement System
201 Merchant Street, Suite 1400 | Honolulu, HI 96813
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END CONFIDENTIALITY STATEMENT

From: BFED Committee <BFED.Committee@mauicounty.us>
Sent: Monday, March 2, 2026 8:11 AM
To: Kim, Lori <lori.kim@hawaii.gov>; Young, Kalbert K <kalbert.young@hawaii.gov>
Cc: BFED Committee <BFED.Committee@mauicounty.us>; Yuki Lei Sugimura <yukilei.sugimura@mauicounty.us>
Subject: [EXTERNAL] RE: ERS Update for Maui County Budget, Finance, and Economic Development Committee

Aloha Mr. Young,

We are looking forward to the Employees' Retirement System presentation tomorrow. When possible, may you please send a copy of your presentation to BFED.Committee@mauicounty.us? If possible, we would appreciate receiving it by the end of today. If that is not possible, please send it by 8:00 a.m. tomorrow.

Mahalo,

BFED Staff

From: BFED Committee
Sent: Wednesday, January 21, 2026 9:52 AM
To: 'Kim, Lori' <lori.kim@hawaii.gov>
Subject: RE: ERS Update for Maui County Budget, Finance, and Economic Development Committee

Aloha Ms. Kim,

Mahalo for the quick response. We will schedule him for March 10th and send the agenda when it is ready for publishing.

BFED Staff

From: Kim, Lori <lori.kim@hawaii.gov>
Sent: Wednesday, January 21, 2026 9:50:13 AM (UTC-10:00) Hawaii
To: BFED Committee <BFED.Committee@mauicounty.us>; Yukilei Sugimura <Yukilei.Sugimura@mauicounty.us>
Subject: RE: ERS Update for Maui County Budget, Finance, and Economic Development Committee

Aloha Ms. Sugimura,

Kalbert is available on Tuesday, March 10 and would prefer attending remotely due to the legislative session. When available please send the link and agenda for the meeting. We will send the PowerPoint presentation probably the week prior to the meeting. If you need anything further, please let me know.

Mahalo,
Lori

Lori Kim

Assistant to Kalbert K. Young, Executive Director
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END CONFIDENTIALITY STATEMENT

From: BFED Committee <BFED.Committee@mauicounty.us>
Sent: Tuesday, January 20, 2026 2:06 PM
To: Young, Kalbert K <kalbert.young@hawaii.gov>; Kim, Lori <lori.kim@hawaii.gov>
Cc: Yuki Lei Sugimura <yukilei.sugimura@mauicounty.us>; BFED Committee <BFED.Committee@mauicounty.us>
Subject: [EXTERNAL] ERS Update for Maui County Budget, Finance, and Economic Development Committee

Aloha Mr. Young,

I am writing on behalf of Councilmember Yuki Lei K. Sugimura, Chair of the Maui County Council's Budget, Finance, and Economic Development Committee (BFED). As the Committee prepares for the Fiscal Year 2027 budget session, the Chair requests an Employees' Retirement System status update consistent with prior years, updated with current information. The Committee also welcomes any additional information you consider relevant and important for County budget planning.

For your reference as you step into the role, we have attached last year's presentation.

Would you be available to present, or to assign a team member to present, at 9:00 a.m. on Tuesday, March 10, 2026, or Tuesday, March 17, 2026? If one date works better than the other, please let me know which you prefer.

The presentation may be in person or remote, based on your preference.

Mahalo and warm regards,



BFED Committee Staff

County of Maui | Office of Council Services

Email: BFED.Committee@mauicounty.us